



Progress Report No. 10
on the implementation of the
'Modernisation of Local Public Services
in the Republic of Moldova' project

Reporting period

1 January – 30 June 2020

submitted by GIZ

August 2020

Chisinau, Republic of Moldova

MLPS project co-financed by:



In cooperation with

**Ministerul Agriculturii,
Dezvoltării Regionale
și Mediului**

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Acronyms and abbreviations

| | |
|--------------|---|
| AMAC | Moldovan Water Utilities Association |
| APA | Academy of Public Administration |
| ATU Gagauzia | Autonomous Territorial Unit Gagauzia |
| BMZ | German Ministry of Economic Cooperation and Development |
| CCE | Centre for Continuous Education |
| CCI | Chamber of Commerce and Industry |
| COVID-19 | SARS-CoV-2 (2019-nCoV) coronavirus |
| CSO | Civil Society Organisation |
| DR | Development Region |
| EE | Energy Efficiency |
| EEA | Energy Efficiency Agency |
| EIA | Environmental Impact Assessment |
| EIB | European Investment Bank |
| EU | European Union |
| FA | Finance Agreement |
| GIZ | Deutsche Gesellschaft für Internationale Zusammenarbeit |
| IMC | Inter-Municipal Cooperation |
| IFI | International financing institution |
| KPIs | Key Performance Indicators |
| LCC | Local Citizens Committee |
| LGP | Local Grants Programme |
| LPA | Local Public Administration |
| LSC | Local Steering Committee |
| MARDE | Ministry of Agriculture, Regional Development and Environment |
| MDL | Moldovan Leu |
| MEUR | Million EURO |
| MLPS | Modernisation of Local Public Services in the Republic of Moldova |
| NCCRD | National Coordination Council for Regional Development |
| NFRD | National Fund for Regional Development |
| NSRD | National Strategy for Regional Development |
| PPWG | Public Procurement Working Group |
| PSP | Public Service Project |
| RBM | Results-based monitoring |
| RD | Regional Development |
| RDA | Regional Development Agency |
| RDC | Regional Development Council |
| RDS | Regional Development Strategy |
| RLR | Regional and Local Roads |
| RSC | Regional Sector Commission |
| RSP | Regional Sector Program |
| SWM | Solid Waste Management |
| ToR | Terms of Reference |
| TUM | Technical University of Moldova |
| WSS | Water Supply and Sanitation |

1. Executive summary

| | |
|--------------------------------------|--|
| Project title | Modernisation of Local Public Services in the Republic of Moldova |
| Project duration | March 2016 – December 2021 |
| Reported period | January – June 2020 |
| Project objective | The framework conditions for a citizen-oriented implementation of RD policy in priority sectors of local public service provision are improved |
| Outputs / specific objectives | <p>MARDE puts in place a coherent framework for the effective implementation of national regional development policy in priority sectors;</p> <p>The capacities of RDCs and partner LPAs to plan, coordinate and implement are improved;</p> <p>RDAs are capacitated to implement the public service projects developed within the regional sector programs;</p> <p>Representatives of rayon's, municipalities and local service providers benefit from demand-oriented trainings for the modernisation of local public services in the priority sectors;</p> <p>Civil society participates in public projects.</p> |
| Project partners and target groups | <p>The target group of the development measure is the population in selected LPAs from the four DRs North, Centre, South and ATU Gagauzia.</p> <p>Key partners of the project: MARDE, RDCs, RDAs and LPAs from the aforementioned regions, CSOs, APA, TUM, AMAC, EEA and CCI.</p> |
| Key achievements for reported period | <p>New RD Paradigm approved by NCCRD;</p> <p>Concept on development of urban centres approved by NCCRD;</p> <p>New RDCs in North, Centre and South DR were set up;</p> <p>8 confirmed EE and 10 WSS construction projects supported by EU fetched 62 bids for construction works (evaluation ongoing);</p> <p>EU supported project portfolio increased local cofunding to 3.5 MEUR / 9.7 % of total construction cost;</p> <p>Advanced training course which focuses on the development of project proposals, including training curricula and material was developed;</p> <p>155 representatives from WSS operators, LPAs, and academic were capacitated in accounting & financial management as well as in operating efficiently during the COVID-19 pandemic;</p> <p>Representatives of 18 LCCs trained and participate in the meetings of the public procurement working groups created by RDAs for the 18 EU-funded infrastructure measures;</p> <p>15 media CSOs selected to implement local projects for increased communication and awareness of EU-funded investment projects and sustainable service delivery;</p> <p>65 local CSOs selected to implement local projects in the 4 DRs to mobilize citizens and participate in decision-making, monitoring of Public Service Project (PSP) implementation, awareness raising on related environmental issues.</p> |

| Key challenges/ risks for reported period | <p>New composition of RDC (following October 2019 local elections) required additional advisory support;</p> <p>Additional changes in the methodology operated by ANRE in 2019 for tariff calculation, high level of complexity and low capacity of companies' staff will delay the approval of tariff for water services in partner operators;</p> <p>Large number of applications (over 300) for the Local Grant Programme (LGP) extended the selection process beyond the initially planned period;</p> <p>The COVID-19 pandemic posed a major challenge to the implementation of the project and impacted the timeline of activities, including:</p> <ul style="list-style-type: none"> • convening of RDC meetings to approve project proposals in support of their activity; • travel restrictions delayed the national and international expert's evaluation missions, thus postponing the GIZ endorsement of tender evaluation reports and the signing of construction contracts to Q3 2020; • travel restrictions delayed the organization of over 100 due diligence meetings with prospective grant beneficiaries. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|--------------------------|-------------|--------------------------|-----------------------|------------|---------------------|----------------------|-----------|---------------------|--|-----------|---------------------|-----------------------|---------|---------------------|----------------|---------|---------------------|------------------------------|-----------|---------------------|---|--|--|---|------------|---------------------|-----------------------|-----------|---------------------|
| Project budget, including co- financing | <p>The project budget amounts to 22,2 million Euro plus 44,7 million Euro for EU single donor actions; in total 66,9 million Euro.</p> <table border="1" data-bbox="406 929 1420 1601"> <thead> <tr> <th>Donor</th> <th>Amount, EUR</th> <th>Implementation timeframe</th> </tr> </thead> <tbody> <tr> <td>Government of Germany</td> <td>10,951,890</td> <td>Mar 2016 – Dec 2021</td> </tr> <tr> <td>Government of Sweden</td> <td>3,530,778</td> <td>Nov 2016 – Dec 2018</td> </tr> <tr> <td>Swiss Agency for Development and Cooperation</td> <td>3,899,050</td> <td>Mar 2016 – Dec 2019</td> </tr> <tr> <td>Government of Romania</td> <td>179,637</td> <td>Mar 2016 – Jun 2018</td> </tr> <tr> <td>European Union</td> <td>171,199</td> <td>Mar 2016 – Sep 2017</td> </tr> <tr> <td>European Union, design stage</td> <td>3,500,000</td> <td>Sep 2017 – Dec 2019</td> </tr> <tr> <td colspan="3">EU-funded Actions, implemented in synergy with MLPS:</td> </tr> <tr> <td>Construction of WSS and EE infrastructure</td> <td>39,800,000</td> <td>Dec 2017 – Mar 2021</td> </tr> <tr> <td>Citizens' Empowerment</td> <td>4,900,000</td> <td>Jan 2019 – Dec 2021</td> </tr> </tbody> </table> | Donor | Amount, EUR | Implementation timeframe | Government of Germany | 10,951,890 | Mar 2016 – Dec 2021 | Government of Sweden | 3,530,778 | Nov 2016 – Dec 2018 | Swiss Agency for Development and Cooperation | 3,899,050 | Mar 2016 – Dec 2019 | Government of Romania | 179,637 | Mar 2016 – Jun 2018 | European Union | 171,199 | Mar 2016 – Sep 2017 | European Union, design stage | 3,500,000 | Sep 2017 – Dec 2019 | EU-funded Actions, implemented in synergy with MLPS: | | | Construction of WSS and EE infrastructure | 39,800,000 | Dec 2017 – Mar 2021 | Citizens' Empowerment | 4,900,000 | Jan 2019 – Dec 2021 |
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2. Project background

2.1 Project background

Since 2010, GIZ is implementing the project 'Modernisation of Local Public Services in the Republic of Moldova' (MLPS) under the commission of the German Ministry for Economic Cooperation and Development (BMZ). At the beginning of 2016, the implementation of the 2nd phase of the MLPS project commenced. The project builds on the results of the first phase and has as deadline for project implementation 12/2021.

The project's objective is the improvement of the framework conditions for a citizen-oriented implementation of regional development policy in priority sectors of local public service provision. The Project works in three priority sectors: water supply and sanitation (WSS), energy efficiency in public buildings (EE) and solid waste management (SWM). The support to regional and local roads ended in 2018. The MLPS project is implemented in synergy with two EU funded Actions: Construction of WSS and EE infrastructure and Citizen's Empowerment.

During the reporting period the basic emphasis was placed on further capacity development of all relevant stakeholders, implementation of public service projects (PSPs), engagement of citizens in oversight activities, and selection of local CSOs to be awarded with grants. In this regard, joint efforts were made together with GIZ partners and beneficiaries to implement the priority measures according to the project operational plan¹ approved at the Monitoring Committee on 7 February 2020.

The outbreak of the COVID-19 pandemic posed a major challenge to the implementation of the project during the reporting period and impacted the timeline of several activities, particularly those requiring physical meetings (local and international travel restrictions) as well as the delivery of trainings/ workshops, such as:

- workshops for dissemination on lessons learnt in participatory planning and advanced trainings on development of project proposals were postponed;
- delivery of face-to-face training modules, exchange formats and conference organised in cooperation with APA and TUM is very uncertain. The activities may either be postponed to 2021 or require re-planning to find suitable alternatives;
- organisation of regular meetings with LCCs was not possible, and planned study visit to Romania for the GIZ partner CSOs was postponed for 2021.

Despite the COVID-19 related challenges, the GIZ workflow was continuous throughout the whole period by the use and implementation of digital work and collaboration tools for staff as well as for meetings with partners. Similarly, project activities have been adapted as workshops and related actions were staged on various online platforms being well perceived by participants.

2.2 Methodological approach

The project consistently applies a multi-level and multi-stakeholder approach to improve the framework conditions for the modernisation of local public services in the priority sectors. Measures to improve local service delivery are part of a comprehensive 5-pillar approach for capacity development in (i) establishing integrated local planning procedures, (ii) establishing inter-municipal cooperation structures, (iii) assisting in the institutionalisation of adapted trainings and education for service operators and local authorities, and (iv) implementation of awareness raising and mobilisation policies for citizens. The complementary funding of infrastructure projects via funds from the EU, Switzerland, Romania and the German Regional Development Fund represent the fifth element (v) of the approach. To implement the investment measures, partner systems are used as far as possible, thus avoiding the creation of parallel implementation structures.

¹ http://serviciilocale.md/public/files/plan_operational/2020_02_07_MLPS_Operational_Plan_202021_VB_EN.pdf.

The MLPS project was structured around five specific objectives:

- A. MARDE puts in place a coherent framework for the effective implementation of national regional development policy in priority sectors;
- B. The capacities of RDCs and partners LPA to plan, coordinate and implement are improved;
- C. RDAs are capacitated to implement the public service projects developed within the regional sector programs;
- D. Representatives of rayons, municipalities and local service providers benefit from demand-oriented trainings for the modernisation of local public services in the priority sectors;
- E. Civil society participates in public projects.

2.3 Synergies with other projects and donors

The Modernisation of Local Public Services in the Republic of Moldova is among the leading projects in the area of Regional Development in the country and is collaborating with other projects and donors in the area to lever the results.

Synergies are ensured with the Polish Aid and Solidarity Fund project in relation to the support in the area of urban development. In the context of GIZ regional fund project "Exchange Platform for the Chapters on Regional Development within the Association Agreements of Georgia, Moldova and Ukraine", further advisory support is being provided to the Parliamentary Committee on Regional Development and Environment.

Synergies are created with two EU-funded single donor actions 'Construction of Water Supply and Sanitation infrastructure and Energy Efficiency in Public buildings' and 'Citizens' Empowerment in the Republic of Moldova', which contribute directly to the MLPS specific objectives C and E.

A close cooperation with EIB and EBRD is ensured in providing support to MARDE in implementation of the financial agreement concluded between EIB and Moldovan Government in October 2019 for development of basic integrated waste management infrastructure. This support is based on feasibility studies, elaborated earlier by GIZ.

To increase visibility and outreach, GIZ is cooperating with EU-funded project Strategic Communication and Support to Mass-Media in the Republic of Moldova (StratCom) in developing the design materials for project partners and grants beneficiaries.

Further synergies are sought with the "EU4Moldova: Focal Regions" programme for Cahul and Ungheni in the context of promotion of the new National Programme on Urban Development Centres/Growth Poles.

3. Progress towards the project outcome

The project objective to improve the framework conditions for a citizen-oriented implementation of regional development policy in priority sectors of local public service provision remains attainable within the duration of the project. An overall information on the current status of indicators is available in Annex 1.

The Project Objective indicator 1, namely that 75 % of the beneficiaries (partner LPAs, represented by the local councils) and 75% of involved stakeholders (members of the RDCs and RDAs) are satisfied with the processes of planning and implementation of the infrastructure investment measures in priority sectors of local public service provision (WSS, SWM, EE and RLR) will be assessed in the last year of implementation.

The indicator 2 of the project objective stating that the RDCs confirmed, in coordination with relevant sector ministries, the implementation of 18 infrastructure projects in a participatory and gender sensitive way established infrastructure investment measures, which are in line with the RSPs as well as the RDSs, is on track and has been partially achieved during the reporting period: the technical design documentation for 18 infrastructure projects (10 in WSS and 8 in EE) were accepted by LPA through respective Local Council Decisions. NCCRD confirmed a list of 1st priority projects proposed in agreement with the EU Delegation for implementation in the frame of the available budget. During the reporting period 3 RDAs gained new skills in preparation of tender documentation for the construction phase according to the GIZ Regulation adapted to EU PRAG Rules including the requirements how to select the projects. The implementation of the infrastructure measures started with the evaluation of offers being currently ongoing.

The developed technical design documentation for 18 infrastructure measures, was prepared in a participatory manner and gender sensitive way, is in line with the regional sector programmes and their further implementation will directly contribute to the implementation of regional development strategies 2016-2020.

As for indicator 3, regarding the NCCRD confirmed financing of investment measures for improved service provision in the priority sectors, granted by national funds and the international donors, has increased by 465%, it is important to mention that the NCCRD approved the budget for 2020 in the amount of 200.5 million MDL for implementation of RD projects². The spent amount is not yet available. Until the end of 2019 91.45 MEUR were mobilised to finance investment measures, including 26.8 MEUR granted by national funds, and 64.7 MEUR by international donors. As a result, the current values represent a 322% increase over the baseline.

4. Achievements of the project specific objectives

During the reporting period, GIZ together with its partners achieved the following results and progress towards its five specific objectives. An overall information on the current status of indicators is available in Annex 1.

4.1. Specific objective A:

Specific objective A envisages for MARDE to put in place a coherent framework for the effective implementation of the national regional development policy in the priority sectors.

During the reporting period, GIZ continued supporting MARDE in promoting the new Paradigm (concept) of Regional Development in the Republic of Moldova. As a result, the new Paradigm was discussed and approved by the NCCRD by Decision Nr.4/20 dated 13.02.2020. Based on this, amendments to the current Law on Regional Development have been operated. The draft amended Law on Regional Development was subject to public consultations³ and opinions from relevant line ministries. Once final amendments are inserted, the Law will be sent for Government's approval.

Also, the NCCRD approved the study and concept on development of urban centres, as well as endorsed the development of the National Programme on Development of Urban Centres (Growth Poles) by Decision Nr.6/20 dated 13.02.2020. The draft National Programme on Growth Poles was developed and subject to consultations with the representatives of the 6 growth poles cities – Soroca,

² <http://mei.gov.md/ro/content/consiliul-national-de-coordonare-dezvoltarii-regionale-aprobat-planul-anual-de-finantare>

³ <http://particip.gov.md/proiectview.php?l=ro&idd=7391>

Edinet, Cahul, Comrat, Orhei, Ungheni - in individual meetings and a joint meeting held on 16.06.2020. This was positively endorsed by these core cities and the draft is ready for NCCRD's approval, as well as launching for public consultations.

In addition, at the request of MARDE, GIZ provided support in the revision of the next Call for Proposal for RD projects. A new draft Regulation on the Call for Proposal was drafted and submitted to MARDE and RDAs for further feedback and review, as well as a new draft of the NFRD was prepared considering the new Paradigm. The final drafts will be presented by MARDE to NCCRD for further discussion and ultimate approval.

During the reporting period, support was provided in development of a roadmap for establishment of the institutional framework for piloting the implementation of an integrated solid waste management system for Zone 5 from Centre Development Region. Also, an updating of the feasibility study for the mentioned area has started. The support is offered as a part of technical assistance for MARDE in implementation of the loan granted by EIB to the Republic of Moldova in amount of 100 MEUR, with a first tranche commitment of 25 MEUR.

In relation to support in the development to the Database for Regional Development Projects, an assessment on the current situation, as well as concept for the database was developed. The purpose of the database is to improve the management and evidence aspects of regional development projects by providing an integrated management tool for decision-making process and ensure institutional memory by offering a single information space for all data and processes in which stakeholders are involved. Based on the consultations with MARDE, State Chancellery and Ministry of Finance 2 options for the technical solutions were developed to be further discussed and approved with MARDE.

In the RBM area, MARDE and RDAs continued the monitoring of the implementation of the NSRD and RDSs 2016-2020 and 2019 annual progress reports were developed and publicly shared. Also, a new draft Guidelines for M&E of the RD projects was developed and is under revision based on the feedback from MARDE and RDAs. Given the pandemic situation, no RBM workshops could be organised. In this context, the capacity development was limited to advisory support on requested issues, including revision of call for proposal and revision of RBM system for RD projects in accordance with the new RD paradigm.

4.2. Specific objective B

Specific objective B ensures that the capacities of RDCs and partner LPAs to plan, coordinate and implement are improved.

Support to Regional Development Councils:

Following the local elections in October 2019 and the subsequent selection of new RDC members, the first RDC meetings for setting up the new councils took place in January and February 2020 for the regions North, South and Centre. The first RDC meeting in Gagauzia is expected to take place in July 2020. During the reporting period, GIZ supported the new composition of the councils with advisory support. The regions North, South, Centre and Gagauzia were supported in the elaboration and dissemination of the announcements for the launch of the competition for the selection of RDC members from civil society and private sector. During the first RDC meetings, the information about the support provided by GIZ in the field of regional development as well as future perspectives for collaboration and support was presented.

In February 2020, a new approach on RDC support was presented to and discussed with the partners. The new approach is based on the report about lessons learned regarding the functional and institutional capacities of RDC. It aims at addressing key issues such as increasing the

participation of RDC members in the councils' work, strengthening the identification of RDC members with their roles, responsibilities and tasks as well as improving the capacities of RDC to promote and coordinate regional development policies and issues in their regions. Expected outputs of the RDC support are 1) the improvement of internal and external communication and visibility of RDC; 2) the enhancement of intra- and inter-regional exchange of RDC members and 3) the establishment of functional platforms for identifying/analysing sectoral issues and regional development opportunities.

To increase ownership and ensure a targeted and needs-based approach, GIZ offered to the partners to conclude Financing Agreements (FAs) with a budget of up to 25.000 EUR for each RDC (4 FAs in total). As RDC do not have the status of a legal entity and financing agreements hence cannot be concluded with the RDC directly, the FAs will be concluded with the RDAs. The RDA will be responsible for the management of the financing agreement and disbursement of the budget, based on the priorities set by the RDC in their project proposal and action/work plan. The RDC is expected to take over the ownership for the implementation of the proposed activities. Against this background, each RDC, with the support of RDA, was asked to identify potential activities under the above mentioned three outputs that are of interest to them and relevant for the region during the reporting period. In view of the current COVID-19 pandemic and limited possibilities to conduct physical meetings, it proved to be challenging for the partners to apply a participatory approach. Nevertheless, a draft project proposal including an action/work plan and proposed budget for the implementation of activities was developed and presented to GIZ in May 2020. To ensure that the needs of the RDC members are reflected, it was agreed that the final project proposal, budget and action plan should be discussed and approved in the next RDC meeting before the FAs are signed.

Project proposals for the newly established Gagauzia DR

The results from the participative planning processes in EE in public buildings, WSS and RLR sectors for Gagauzia Development Region were presented to the Donor Coordination Council Meeting of ATU Gagauzia that took place in January 2020. As well, a follow-up meeting with participation of representatives from Executive Committee of ATU Gagauzia, RDA Gagauzia and GIZ was held in May 2020. As a result, the parties agreed that among the abovementioned sectors, the WSS sector represents a priority for the region, therefore the request is to focus the potential support in development of project proposals from this sector.

Support to LPAs and RDA in planning

During the reporting period, the reports about lessons learned in participatory planning in the WSS and EE sectors were finalised in English and Romanian and a distribution list was drafted for their dissemination. Among others, it is foreseen to disseminate the reports during the workshops on strategic sector planning which are supposed to be organised by RDA for LPAs. The workshops have been postponed so far due to the current COVID-19 pandemic and limited possibilities to conduct workshops and meetings.

To further increase the skills and knowledge of staff from RDA and MARDE and enable them to apply for national and international funding to plan and implement regional development projects, GIZ supported the development of an advanced training course during the reporting period which focuses on the development of project proposals. These course builds upon the previously developed training module 'Management of programs/project development' which was elaborated in cooperation with the Academy of Public Administration. In a first step, a training needs assessment was conducted with the selected participants from RDA and MARDE to identify their training needs. In a second step, the training curricula and material was developed, including practical examples to provide participants with the opportunity to practice how to develop and structure a project proposal.

The third step foresees the implementation of the training course. In view of the current COVID-19 situation, the implementation of the training is planned for September. In case this will not be possible, it is examined whether online/e-learning solutions would be a feasible alternative.

4.3. Specific objective C

Specific objective C ensures that RDAs are capacitated to implement Public Service Projects (PSPs) developed within the Regional Sector Programmes.

By the end of 2019 all technical design products for 18 infrastructure projects in WSS and EE, financed by the EU, were handed over by the RDAs to the beneficiary LPAs for formal acceptance and registration. Since then, almost all LPAs officially accepted technical design documentation according to respective Local Council Decisions. These packages are registered according to the regulatory provisions and are taken on the beneficiaries' balances. Only for Ungheni EE project the Local Council Meeting is planned for 23 July 2020 which foresees, also, the formal acceptance of technical design documentation and registration on the beneficiary's balance.

On 13 February 2020 NCCRD confirmed⁴ a list of 1st priority projects proposed in agreement with the EU Delegation for further implementation in the frame of the available budget. These are:

| EE measures | WSS measures |
|---|--|
| 1. 'I. Boghiu' Gymnasium, Flaminzeni, Singerei r. | 1. Edinet town, water supply |
| 2. 'D. Cantemir' Lyceum, Balti town | 2. Falesti town, water supply |
| 3. 'M. Eminescu' Lyceum, Ungheni town | 3. Drochia town, water supply & purification |
| 4. 'A. Mateevici' Lyceum, Soldanesti town | 4. Ungheni town, water supply & sanitation |
| 5. 'Holercani' Lyceum, Holercani, Dubasari r. | 5. Calarasi town, water supply & sanitation |
| 6. 'I. Vatamanu' Lyceum, Straseni town | 6. Leova town, sanitation |
| 7. 'C. Spataru' Lyceum, Leova town | 7. Leova rayon, largara town, water supply |
| 8. 'M. Basarab' Lyceum, Basarabeasca town | 8. Leova rayon, Cupcui village, water supply |
| | 9. Leova rayon, Filipeni village, water supply |
| | 10. Leova rayon, Romanovca village, water supply |

Following the approval, RDAs continued compilation of related tender dossiers. They convened during the period 20 March – 06 April 2020 the obligatory public procurement working group (PPWG) meetings. These 7 WSS and 8 EE PPWG meetings were concluded with the respective approval of the 15 tender dossiers for the 18 projects (4 Leova villages Water Supply projects are bundled into one tender procedure). Covid-19 context required these meetings to be carried out online.

The contract pre-notice were published by the RDAs and simultaneously by the European Union's EuropeAid Services on 24 February for the EE projects and 04 March for the WSS projects. In the period 06 March – 03 April, all tender dossiers received the approval of the GIZ Construction Department and herewith the green light to publish the contract notices. Timewise synchronised with EuropeAid, the RDAs and CCI published the contract notices for the WSS projects on 30 March and on 06 April for the EE projects.

⁴ <http://madrm.gov.md/sites/default/files/Documente%20atasate%20Advance%20Pagines/Decizia%20nr.%2011.pdf>

Evaluation of submitted offers started on 15 June with national and international experts. Due to Covid-19 restrictions earlier starting evaluation missions were not feasible and GIZ endorsement of tender evaluation reports is postponed to Q3 2020. Similar causes lead to postponed construction contract signing to Q3. All, but one project (EE Basarabasca) received offers. See Annex 2 for details of the procedural steps and their intermediary results.

RDA construction supervision services for WSS and EE projects were announced for tendering between 22.04. and 08.05.2020. The feedback was very low. Almost half of the calls for offers had to be re-published. Results are expected in Q3 2020.

4.4. Specific objective D

Specific Objective D ensures that representatives of rayons, municipal and local service providers benefit from demand-oriented training modules of governmental and non-governmental organizations for modernisation of local public services in the priority sectors.

Institutionalisation of trainings

1) Academy of Public Administration (APA)

During the reporting period, a planning workshop was conducted in January 2020 together with representatives from APA, MARDE and the State Chancellery to discuss and agree on the priorities for cooperation for the period 2020 – 2021 in the area of trainings and capacity development measures. It was agreed that, with GIZ support, the Academy of Public Administration will update and reimplement the training modules on Management of programs/project development, Strategic Planning, Public Procurement and Conflict of Interest, Regional Development and Management of RDC on a need's basis. The partner contributions for the financing of the trainings will be increased in view of the project end in 2021, the aim being to find a sustainable solution for the financing of capacity development measures. In case APA can ensure the financing for implementation, the training module 'Management of Public Services' will be updated and adapted for LPA staff with GIZ support. Moreover, it was agreed to organise a national conference/open forum on local and regional development. Originally, the first round of trainings was foreseen to be implemented in the first half of 2020. Due to the current COVID-19 crisis and the limited/restricted possibilities to meet face-to-face, the trainings and national conference were postponed to the second half of the year.

2) Technical University of Moldova (TUM)

Despite the disruption due to Covid-19, TUM succeeded to reimplement a training module 'Efficient administration of buildings from public sector'. This module was conducted thanks to a successful collaboration and cooperation between CFC/TUM, EEA and Ocnita Rayon Council from the North Development Region. The training session was provided through Skype online communication platforms. The training was organised in two stages (two days by 3 working hours each) conducted on 7 and 14 May 2020 and was attended by 31 participants (4 men / 27 women) from which 30 were representatives of the educational sector (schools and kindergarten) and one representative of the Rayon Educational Department.

3) Chamber of Commerce and Industry (CCI)

During the reporting period, CCI continued to implement a set of activities related to support for private sector in increasing their knowledge and capacities in the development of tender documents according to the EU PraG procedures in the framework of the implementation of EU funded 18 investments construction projects implemented by Regional Development Agencies.

Specific focus was, also directed on developing the capacities of technical supervisors on norms and standards in the WSS and EE construction sectors. In this respect, CCI in cooperation with GIZ Construction Department organised two training sessions on 25 February and 10 March with a total of 91 participants (72 men/ 19 women), including representatives of private sector - 50 people.

Another important field of support offered by CCI to the private companies was information and facilitation of creation of consortia for interested companies intending to participate in the tenders for EU funded infrastructure projects. Due to COVID-19, three sessions were carried out online (on 9, 10 and 13 April) involving national and international experts. The events were attended by 103 persons (64 men/ 49 women), including 60 representatives from private companies.

CCI was contracted to operate a helpdesk for interested bidders to obtain individual advice on how to prepare their bids, especially regarding the presentation of financial information, rules of origin of the materials, respectively information on the eligible countries, requirements for key staff, establishment of the credit line, etc. The service was provided by one national expert (lawyer of CCI) and one international expert. Due to the pandemic circumstances, online modalities were offered and used by a total of 28 companies.

Support to WSS sector in the area of capacity development

Further support to capacity development in the WSS sector was provided by GIZ in various fields:

Accounting and financial management: In the first half of 2020, two training modules were updated and implemented in cooperation with the training institution Contabil Service Ltd (a subsidiary of Moldovan Academy of Economic Studies): 1) Particularities of compiling the annual financial and tax reporting by companies operating in the Water Supply and Sanitation sector; 2) New provisions of the Tax Law and National Accounting Standards and General Chart of Accounts: New Provisions and Method of Application. The trainings were delivered 5 times in total (in January, February and March) and were attended by 95 people. Since TUM does not have expertise in finance, AMAC continued to play an important role in institutionalisation of the mentioned modules.

Tariffs area: Four WSS operators received assistance in tariffs calculation and achieved some success so far. All operators progress (at a different pace) in tariffs calculation under the guidance of two national experts. However, the process was not completed by the end of Q2 because of a series of factors (described in Chapter 8) that challenged the project's work and the progress achieved by operators. After having analysed all these factors, the assistance provided to operators will be extended until end of November 2020.

Water quality laboratory: The project provides support to the management and relevant staff of Apa-Canal Leova in obtaining the laboratory attestation by MOLDAC, the National Accreditation Body of Moldova. In order to obtain the attestation, a laboratory must obey to a series of requirements, including personnel, equipment, description of methods based on official standards, records for ensuring the quality of results, etc. The company's laboratory has been provided by a series of new laboratory equipment and a good internal organisation of operational procedures, methods and registers is much needed. The project offers this support via a contracted short-term expert.

Computer hardware and software: Apa-Canal Drochia faced difficulties in systematising the accounting data and in financial posting. This was identified as a weakness of capacities in the accounting area due to the lack of specialised software. The project started the process of procuring a set of licenses for the most common accounting software, including the module related to the operations of WSS companies. In connection to hardware endowment, five WSS operators (from Edinet, Falesti, Drochia, Calarasi and Leova) were provided with computers necessary for upgrading their office hardware. Calarasi WSS operator also was provided with telephones, fax machine and other office equipment.

Web-design and maintenance: GIZ supported the designated employees of Apa-Canal Ungheni and Apa-Canal Edinet to develop the corporate web pages. The proposed approach was to transfer the knowledge and skills from the contracted expert to beneficiary, to teach and coach the employees of both companies on how to develop and put in operation a corporate website.

Service Delegation Contracts and the KPIs: GIZ is working in order to clarify the legal base related to the annexes of the Delegation Contract and recommend a series of KPIs that are reasonable for Moldovan WSS operators. In the second part of the year, a series of familiarisation sessions will be organised, and individual support provided, when necessary. The goal of this exercise is to set a system when LPAs can objectively monitor the performance of the water service to population, while the operators are clear about their directions for development.

Exchange of information, experience and good practices: GIZ with the support of AMAC and in partnership with the German Institute of Underground Infrastructure has organised a webinar in order to share the best practices of WSS operations during the COVID-19 pandemic. The event took place on 20 May and more than 60 people attended it. Most of the audience represented staff and management of water supply and sanitation companies, but also LPAs, central government agencies and sector experts.

4.5. Specific objective E

Specific objective E ensures active participation of citizens in implementation of local public projects.

Local Grants Programme

The regional CSOs were actively engaged in the implementation of the EU-funded Local Grants Programme (LGP) to facilitate the participation of citizens in local decision-making, monitoring the procurement and construction of local public infrastructure as well as raise the awareness of citizens, including children, of environmental, socio-economic and financial aspects related to local public service delivery in the areas of WSS, SWM and EE.

The LGP launched in 2019 generated 300 applications from local and media CSOs from all four development regions. The evaluation of received applications entailed administrative check, technical evaluation and due diligence meetings. Due to high number of applications received, the evaluation process took longer than initially planned.

Partner CSOs had to organise over 100 due diligence meetings with pre-selected organisations. Due to the COVID-19 situation, the due diligence meetings have been mainly carried out online. Additional field visits were carried out when the restrictions were partly lifted to the pre-selected applicants which proposed implementation of infrastructure elements. The visits were also accompanied by representatives of GIZ Construction Department.

During the due diligence online meetings, unclear aspects of proposals were discussed, recommendations and suggestions to improve projects and budgets were made. Also, during the online meetings local and media CSOs were encouraged to consider activities to minimise the consequences of COVID-19 on citizens.

The evaluation process was completed by all partner CSOs in all four regions. The evaluation reports submitted to GIZ for approval proposed 65 organisations to be awarded with grants (in Centre Development Region (DR) – 17 organisations, in South DR – 15 organisations, in North DR – 24 organisations, and 9 – in ATU Gagauzia DR). The evaluation reports for Centre DR and South DR were approved in June 2020. The approval meetings for North Region and for UTA Gagauzia are planned for early July. The endorsement of the results by EU Delegation is expected to be received in Q3 2020.

The partner CSO on communication and outreach – Association of Independent Press (API) – finalised the selection of the media CSOs to be awarded with grants as well. The list of 15 organisations and their media partners was approved by GIZ on 22 May and by the EU Delegation on 4 June 2020. API is currently preparing the grant contracts for signature with 15 selected local media NGOs. Considering the COVID-19 pandemic, the grants awarding ceremony is planned for September 2020.

As a response to EU call for solidarity and action to support local communities in overcoming the negative impact of the COVID-19 pandemic on people, and in line with agreements with EU Delegation, partner CSOs were requested to reserve funds to include relevant activities in an additional targeted call to be organised in Q3 2020.

Partners CSOs capacity development

To ensure consistent and proactive application of GIZ and EU operational and visibility rules at all levels, but also for efficient implementation of the LGP, GIZ continued to provide specific and periodic capacity development assistance to partner CSOs.

As result of the desk review of partner CSOs experience carried out in 2019, GIZ organised two tailored trainings to enhance the partner CSOs' capacities in community mobilisation and awareness raising (on 28-29 January 2020) and communication and visibility (on 25-26 February 2020).

Local CSOs capacity development

Project partner CSOs continued delivering capacity development activities for local CSOs. During the first half of 2020, over 100 men and women from Centre and ATU Gagauzia DR, representing 57 local CSOs and initiative groups from 24 communities were trained on project proposal development and project management.

As part of capacity development activities, GIZ is supporting partner CSOs to create regional networks of CSOs to ensure coordination and communication between members and with different actors on regional and national level. A workshop to define and implement a common vision in this area is planned for July 2020.

Citizens participation in 18 infrastructure construction projects

As complimentary support to the EU-funded projects for development of technical designs and construction of selected WSS and EE infrastructure projects in the Republic of Moldova, GIZ continues to provide support to representatives of local citizens committees (LCC) in target communities.

The LCC members participated in Local Steering Committees (LSC) as kick-off sessions of the construction phase with respect to implementation of the infrastructure projects and as much as was possible were involved in activities for monitoring the implementation of infrastructure construction projects and collection of local contributions to the WSS projects. Due to COVID-19 pandemic related restrictions, all meetings were organised online (see section 4.3 above).

Also, North, Centre and South RDAs created working groups for public procurement of construction works and organised trainings on public procurement procedures, with the participation of LCCs delegated representatives, (11 men and 14 women)⁵. During the lock-down, the communication within working groups and with LCCs representatives was made via email.

⁵ North DR - <https://bit.ly/2ZID0dl>, Centre DR - <https://bit.ly/2ZID0dl>, South DR - <https://bit.ly/30vjRNY>

The LCCs hardly met and participated in monitoring of infrastructure project implementation due to late approval of projects to be further financed for constructions, but also due to COVID-19 pandemic situation and lockdown instituted by the Government of Moldova in March 2020. Nevertheless, announcements made by LPAs on Facebook, like the one in Leova,⁶ on the launch of the construction phase and call to action for the local contribution were distributed within local groups.

Awareness raising on sustainable public services

As complementary to the assistance offered to schools' administrations in the development and implementation of Energy Management System in eight schools (EU-funded EE investment projects), the school curriculum for 'Energy Hour' was developed targeting the change of attitude and behaviour. This curriculum was implemented in six of them. Due to COVID-19 pandemic restrictions, the Energy Hour was not implemented in the schools in Balti and Straseni, but it is planned for the upcoming school year.

The Energy Hour ensures the information and education on energy efficiency and the use of renewable energy sources, as well as comes as complementary support to the sustainability of investments to be made in schools. The developed materials include a curriculum for the teachers and presentation materials, such as ppts, handouts including online and video materials.

4.6. Cross-cutting issues

The MLPS project contributes to the achievement of the sustainable development goals (SDGs) 6 Clean Water and Sanitation, 7 Affordable and clean energy and 16 Peace, Justice and Strong Institutions. Subsequently, the project contributes directly to the achievement of the following targets of the 2030 Agenda for Sustainable Development:

- 6.1 By 2030, achieve universal and equitable access to safe and affordable drinking water for all
- 6.b Support and strengthen the participation of local communities in improving water and sanitation management
- 7.3 By 2030, double the global rate of improvement in energy efficiency
- 16.7 Ensure responsive, inclusive, participatory and representative decision-making at all levels;
- 16.10 Ensure public access to information and protect fundamental freedoms, in accordance with national legislation and international agreements;

Furthermore, GIZ is mainstreaming gender and social aspects in the advertised ToRs for selection of consultants and consulting companies, to further promote the principles of gender equality and participation of different social groups in local and regional development. Women and men are equally encouraged and supported to benefit from capacity development activities, and national training institutions are guided to consider gender and social aspects within the trainings delivered.

GIZ finalised the review of the initial MLPS project gender analysis initiated at the end of 2019. The analysis brought up-to-date gender indicators, gender mainstreaming approaches within the project activities, and, as result, all activities will be continuously mainstreamed to ensure men and women equally participate and benefit from the final project results.

GIZ also is considering the *conflict sensitive approach* by monitoring the possible positive or negative impacts of its interventions. For this, continuous and transparent communication with all stakeholders involved is ensured. Awareness raising and mobilisation of final beneficiaries of the investment

⁶ <https://www.facebook.com/groups/725853637825551/permalink/849048505506063/>

measures – men and women from target localities – are organised and LPAs are guided to involve inhabitants in monitoring processes and communicate any changes or delays in due time.

Aspects related to gender equality, environment, and climate change adaptation and mitigation are mainstreamed in all GIZ documents and activities and requested to be mainstreamed by the project partners. As these issues were directly addressed the project proposals selected to be awarded with grants within EU-funded Local Grants Programme. Subsequently these aspects will be further addressed and monitored by GIZ and partner CSOs through capacity development, participatory planning and monitoring as well as awareness raising activities envisioned under this intervention.

5. Communication and visibility

To promote the progress and showcase the results achieved through the MLPS project and related EU-funded actions, GIZ informed the public via their official webpage www.serviciilocale.md and accounts on social media. Regular posts are made on the GIZ Moldova Facebook account. All posts are accompanied by hashtags to identify the action scope and increase Project and donors' visibility, e.g. #MLPS, #DezvoltareRegionala, #EU4Moldova, #EU4CivilSocietyMD.

In terms of highlighting the physical visibility of EU funded WSS and EE projects, GIZ will ensure the installation of large outdoor visibility boards within the localities benefitting from infrastructure projects. The outdoor visibility boards will be placed in areas with high traffic and mostly visited community locations. However, due to missing site visits due to Covid-19 restrictions and delayed local kick-off meetings the installation is delayed. Nevertheless, the conceptual part is developed. Meanwhile, the beneficiaries of the EE and WSS projects together with the project local managers identified and proposed the locations where the outdoor visibility boards will be installed.

In terms of transparency and information on the EU-funded support to CSOs and opportunities within the Local Grant Programme, GIZ and its partner CSOs regularly posted news on the progress and results of the selection process on the website www.eu4civilsociety.md, with versions in Romanian, Russian and English. Over 20 articles and news were posted on Project website www.eu4civilsociety.md and GIZ Moldova Facebook page <https://www.facebook.com/gizmoldova/>. News and updates were also posted by partner CSOs on their websites and social networks.

Due to the unprecedented circumstances brought on by the COVID-19 pandemic, the overall communication around Europe Day was adjusted to the epidemic context and conducted through online and social media, but also via TV and Radio as most popular sources of information for the Moldovan public. As a result, the Energy Efficiency as well as the Water and Sanitation infrastructure projects funded by the EU were highlighted in various ways.

On the launch of the Europe Day, GIZ shared a Facebook post with a clear message, emphasising the EU well known motto 'Stronger together'. The message was also backed up by the EU support provided, which contributes to improving the conditions of Moldovan citizens all over the country. In addition, the post also contained a short video about a retrospective of the EU Days organised in previous years with the pictures, containing a short song in the end.

Then, another post on Facebook was shared, showing compiled messages by pupils studying in three schools, beneficiaries of Energy Efficiency infrastructure measures. The videos were made by pupils themselves in which they mention how grateful they are their schools are parts of the EU funded projects in Energy Efficiency. They voiced their messages in different languages⁷. Also,

⁷ <http://tiny.cc/n8i0rz>, <http://tiny.cc/esj0rz>, <https://bit.ly/2Z1WzyF>.

RDAs highlighted the EU and GIZ support through articles, interviews, presentations and news features posted on their online platforms⁸.

The EU Sustainable Energy Week (EUSEW) this year (22-26 June) brought together all EE projects in Moldova online to celebrate the importance of saving energy and promoting an energy efficiency lifestyle. Subsequently, GIZ joined this initiative and kick-started by posting an infographic on Facebook, highlighting the EU investments in EE projects throughout the country⁹. Throughout that week, the RDAs also compiled articles noting all EE projects supported by the EU and GIZ, which were also shared on GIZ Moldova Facebook page. In addition, in partnership with the EU-funded Project 'Visibility of EU and EU Assistance in the Republic of Moldova in 2020' an info-video was compiled showing the benefits of the upcoming EU funded projects¹⁰.

As part of EU Delegation communication campaign related to EU response to COVID-19 crisis, representatives of two partner CSOs (API and CASMED) participated on 17 June 2020 in the EU Talks programme 'EU support to Moldovan CSOs during COVID-19 crisis'.¹¹

6. Ensuring the sustainability of measures/interventions

To ensure the sustainability of measures and interventions, the project provided throughout the reporting period that its objective and expected outputs continued to be aligned with national, regional and local needs and sector-specific requirements. This way the project made sure to be consistent with the priorities of Moldovan partners. Partner systems were used as far as possible to implement measures and interventions, thus avoiding the creation of parallel implementation structures through the project. By applying a multi-level approach, learning experiences at local and regional level were fed into the policy dialogue at national level.

Furthermore, the project paid attention to the social, economic, organisational and environmental sustainability of measures and interventions.

Through the promotion of citizen-orientation and the application of a participatory approach in project implementation, the project tried to ensure the **social sustainability** of measures. For example, LPAs were supported to update their strategic planning documents in the WSS and EE sectors and consult them with citizens to be further approved by local councils. In addition, the project supported the capacity development of groups of citizens to better monitor the delivery of public services, provide constructive feedback and supported an increased involvement of citizens in public procurement processes. This contributed to an improved transparency of processes led to a better acceptance of decisions of public authorities.

To increase the **economic sustainability** of measures, the project pays attention to the financial sustainability of implemented activities. While this is relevant for all project activities, this becomes especially important in the implementation of the infrastructure projects. The infrastructure projects enjoy a firm local commitment in support of implementation. This is demonstrated by confirmed local co-funding to these projects in the average of almost 10 % of the calculated project cost. The total volumes are currently 473,000 EUR for the 8 school EE projects and amount to 3.029,000 EUR for the WSS projects. These amounts are guaranteed by local councils. Details are presented in Annex 3. Moreover, the project pays attention to increasing the financial sustainability of its capacity development activities, e.g. by slowly increasing the partner contributions to cover the attendance of trainings at the Academy of Public Administration (APA) and the Technical University of Moldova

⁸ <https://bit.ly/31N92bb>, <https://bit.ly/3iC4IH5>.

⁹ <https://www.facebook.com/gizmoldova/posts/3234881906571464>

¹⁰ https://www.facebook.com/permalink.php?story_fbid=1791975734259649&id=245974492193122

¹¹ <https://www.facebook.com/115745153149542/videos/305466177149773>

(TUM) over time. In addition, the project currently examines together with its partners whether and to what extent a switch to more e-learning and blended learning formats could further contribute to increase the financial sustainability and lower the training costs for participants over time.

Through increasing the energy efficiency in public buildings and infrastructure systems, the cost for maintenance will be reduced. As a result, the approved energy efficient action plans can be implemented partly from LPAs resources and partly from existing national funds.

All operators progress (at a different pace) in tariffs calculation under the guidance of two national experts of GIZ. Thus, Calarasi operator obtained approval for its basic costs, as a precondition for tariffs approval, the operator from Leova has submitted the dossier to ANRE for the same reasons. Edinet and Drochia operators will submit the dossier by the end of the year.

Furthermore, the project focuses on **organisational sustainability** by continuously supporting its partners in strengthening their capacities to better fulfil their roles, tasks and responsibilities. In this respect, the project supports MARDE in putting in place a coherent framework for the effective implementation of national regional development policy, including a clear division of tasks and competences. Partners such as LPAs, WSS operators and Energy teams were supported in the development and elaboration of their business and capacity development plans to further strengthen their organisations. Moreover, APA, TUM, CCI and AMAC provided targeted training measures and on the job trainings to complement the advisory support and further develop the capacities of the project partners. To ensure the sustainability of quality service delivery, all 7 WSS operators' beneficiaries of the infrastructure projects implemented by GIZ in Moldova have signed the Service Delegation contracts.

Aspects related to **environmental sustainability** are mainstreamed in all project activities. All prepared technical designs for the infrastructure projects obtained the Environmental Impact Assessment (EIA) to identify, predict and evaluate the environmental impact of the projects. The EIA provide information on the environmental consequences for decision making and promote environmentally sound and sustainable development through the identification of appropriate alternatives and mitigation measures. All EIA recommendations will be strictly monitored during the construction stage. Moreover, the project provides advisory support to LPAs, RDAs, RDCs and MARDE on the adoption of crosscutting issues such as environmental sustainability in local and regional policies, programs and projects, among other with priority on environmental sustainability. Knowledge sharing based on identified best practices thereby constitute a key element for capacity development.

7. Overview of key activities/milestones for the next reporting period

| Outputs | Main milestones for the next period (July – December 2020) |
|----------|---|
| Output A | <ul style="list-style-type: none"> - New draft Law on RD approved by Government - New National Programme on Urban Development Centres/Growth Poles approved by Government - New NSRD post 2020 is developed in a participatory way - Tender book for Database on RD projects launched and development of the database initiated - New NFRD Manual and guidelines for Call for proposals approved by NCCRD - New Guidelines on M&E for RD projects |
| Output B | <ul style="list-style-type: none"> - Financing agreements with 4 RDAs for the support of RDCs are approved by the new RDC members and signed |

| | |
|----------|---|
| | <ul style="list-style-type: none"> - 3 selected project proposals from Gagauzia from the project pipelines are promoted in at least 3 events - Lessons learnt from participatory local planning in EE in public buildings and WSS sectors are disseminated |
| Output C | <ul style="list-style-type: none"> - Endorsements of evaluation reports for WSS and EE projects - Signed construction contracts - Signed supervision contracts - Successful retendering of works and services |
| Output D | <ul style="list-style-type: none"> - 5 training modules are reimplemented - Digitalising parts of the training module “Management of RDC” - National forum on local/regional development - Training modules in WSS are developed, updated and implemented - WSS operators' tariffs calculation submitted - Trainings on PraG based procurement procedures |
| Output E | <ul style="list-style-type: none"> - Contracting of the local CSOs beneficiaries of grants - Capacity development and networking events for CSOs - Endorsement of the concepts and launch of the 2nd targeted call for proposals - Support to LCCs in awareness raising and collection of local contribution for individual connections to WSS - Awareness raising campaign and promo materials developed |

8. Opportunities and challenges/risks

8.1 Challenges, risks and mitigation measures taken

The COVID-19 pandemic posed a major challenge to the implementation of the project and impacted the timeline of activities, through the delay and or cancelation of project activities. This affected in particular the capacity development activities such as trainings, workshops and seminars which were originally planned as events with physical attendance for the first half of the year. Due to the restricted possibilities to meet face-to-face, most trainings and national conferences were postponed to the second half of the year.

However, regardless of the state of emergency set out by the Government, local and international travel restrictions, the GIZ workflow was continuous throughout the whole period by the use and implementation of digital work and collaboration tools for staff as well as for meetings with partners. Moreover, as it is unclear how the pandemic situation will develop in the future and in view of the continuing challenge to ensure sufficient financing from the partner side for trainings, it currently examined whether and to what extent e-learning and blended learning formats could be used as an alternative to face-to-face trainings in the near future.

Also, due to the pandemic situation, the state funding for NFRD, as well as implementation of the new national Programme on Urban Development Centres/Growth Poles is at stake.

Foremost challenge was posed by late confirmation of the infrastructure construction projects by the NCCRD on 13 February 2020 only. This delayed the earlier planned publication for tendering considerably.

It is acknowledged that the provision of local co-funding in the required amount constitutes a challenge for the communes. Considering however the overall situation, this contribution is

indispensable to cover the gap between available funding and total implementation cost including the operational cost of the RDAs of currently 336,000 EUR and to create reserves for unforeseen or additional works which cannot be excluded to appear in the course of implementation of the agreed projects. There are also options to consider like low-cost long-term loans and the possibilities of respective budget planning for 2021. For details see annex 3.

With relation to the budget another point has to attract the attention of the stakeholders – it is the MDL / EUR exchange rate. The fixed EU budget is provided in EUR, whereas the implementation cost occurs in MDL. Earlier reviews and cost calculations were made using an exchange rate of ~19.5. Recently we experienced relations of 19.2 and bigger fluctuations. Therefore, the RDAs are recommended to observe the exchange rate when transferring tranches from EUR- to MDL-accounts and to carefully assess the upcoming price offers while receiving the construction bids. The need to carefully review the winning price and re-negotiate the offer prior to potential contracting might appear – in addition to the maximum care to secure contingencies for unforeseen works.

The end of the 1st round evaluation period for construction projects is at the beginning of Q3. Therefore, a result cannot be presented here. The echo on the 15 calls for offers for works was with 62 bids handed in relatively good. The echo on 15 calls for offers for supervision services was very moderate – 10 calls require re-publication. This process has started.

A big challenge for Moldovan WSS operators is the calculation of tariffs according to the last modification of the methodology. Even the support started to be provided in April 2019, the progress is still slow and is due to the following factors:

- Additional changes in the methodology operated by ANRE in 2019;
- High level of complexity, especially for the companies that did not have experience;
- Low capacity of companies' staff and high turnover in financial and accounting departments;
- Low motivation of management and of executors in companies;
- No possibility for GIZ and GFA experts to travel in the last 3 months.

In view of these factors, the assistance to companies was extended until the end of November 2020.

In most cases the service delegation contracts miss some annexes stated by the legislation. There are two reasons for this: one referring to the recent modifications of the Law 303, when some contracts have already been signed and the second reason is the lack of capacities in operators and in LPAs for developing the annexes. In the mentioned annexes, a list of Key Performance Indicators with values shall be stated, and only few of them are stated by Moldovan legislation as mandatory ones. GIZ will provide the necessary support during 2020.

Even the first on-line training in EE area was carried out successfully and appreciated by the beneficiaries. The CCE/TUM shall make some efforts in promotion of on-line trainings for the public sector. In this regard CCE/TUM is collaborating with EEA and started negotiations with CALM - association of LPAs (agreed on concluding a Memorandum of Understanding) and is planning to agree on future cooperation with Ministry of Education and Ministry of Health having the Energy Efficiency Agency as advocate.

In relation to the implementation of the EU-funded Local Grant Programme, a large number of applications submitted by the local CSOs (over 300) and the COVID-19 pandemic related restrictions delayed the organisation of over 100 due diligence meetings with prospective grant beneficiaries, thus extended the selection process beyond the initially planned period. Additionally, during the evaluation of applications, GIZ and its partner CSOs identified the following:

- Low capacity of local CSOs regarding project writing and implementation;
- Weak focus on citizens' mobilisation and empowerment, thus tendency of CSOs to prioritize the infrastructure elements over the citizens' engagement;
- Low CSOs capacities to realistically plan and budget project activities;

- Many LPA-dependent or controlled CSOs.

To overcome these and improve the skills and capacities of local CSOs, assistance and mentoring for grantees will be provided in the process of local projects implementation, as well as tailored trainings on citizens' empowerment and engagement in local decision-making, transparent decision-making and organisational development.

Due to COVID-19 pandemic organisation of regular meetings with LCCs was hardly possible, and initially planned study visit to Romania for the GIZ partner CSOs was postponed for 2021.

8.2 Opportunities

Following the confirmation of the NCCRD and in agreement with the EU delegation a series of WSS projects was declared as 2nd priority projects. Due to limited financial resources they can currently not be implemented, but the technical design is available, and the projects could be promoted to be implemented through national and other international donor's funds:

- WSS Riscani cluster – 2 sanitation & treatment projects, 2 water supply & purification projects
- WSS Ustia locality, Dubasari r. – sanitation & treatment project
- WSS Cahul cluster – 4 water supply projects

The World Bank expressed interest in these projects and, after a first due diligence process subcontracted by WB HQ, decided to propose the WSS Riscani cluster and the WSS Cahul cluster to MARDE as part of a larger support package in the frame of a loan or a blended loan-grant offer to Moldova. The EU Delegation was included in the discussions around this proposal. WSS Ustia appears too expensive per capita at this stage (however we must admit that sanitation services in the rural area are regularly more expensive compared to urban projects – not only in Moldova).

9. Lessons learnt and recommendations

9.1 Lessons learnt

The imposed state of emergency as well as the following state of emergency in health due to the outbreak of the COVID-19 pandemic has impacted the timeline of project's activities, especially those relating to meetings and travels. Regardless of these challenges, the workflow was uninterrupted due to GIZ's pioneering use of digital collaboration tools and integrated cloud-based solutions and the training of the project team on their use before the lockdown period. This also required additional preparation for meetings and events with external partners, for whom guidelines were developed.

This ensured that communication with partners at all levels, in both official events and overall activities was good and unobstructed. Practically, this assessment applies to formal progress meetings with the stakeholders, Kick-off meetings for all investment projects, LSC meetings as well as capacity development activities.

Besides the negative effect of reduced interaction possibilities forced by physical distancing, it became clear that by using these online modalities a lot of travel time and travel cost can be saved, as well as positive impact on climate by saving fuel and reduction of CO2 emissions and eliminating other costs related to classical meetings and travel related expenses. Similarly, financial resources initially directed for such activities became available for other project related purposes. Moreover, relating to capacity development, the use of digital training tools, can contribute to both increasing the number of participants as well as ensuring the repeating of training in cases of staff turnover.

In turn, disadvantage of the lockdown period, was represented by the impossibility to hold on site visits, including national and international expert's evaluation missions, which require physical presence. Similarly, meetings asking the participants for negotiations of some aspects however might still succeed better in the form of physical meetings.

In order to increase the effectiveness of online training activities for the local grant beneficiaries, partner CSOs will accompany the trainings with mentoring activities. Additionally, based on previous experience during pandemic period, regional CSOs will advise local CSOs – grants beneficiaries to adjust the project action plan in such a way to use more social media and online instruments for involving the citizens in implementation of project activities; restructure the format of organization of meetings with citizens to take in consideration restrictions and safety requirements due to pandemic situation.

9.2 Recommendations

For development of the Database for Regional Development Projects, it is recommended to MARDE to create a working group that would include representatives from all involved stakeholders.

Due to the ongoing pandemic situation an alternative solution needs to be identified to regularly conduct (online) RDC meetings. This is also important to formally approve and timely implement all planned activities, supported by GIZ based on financing agreements with RDAs within their secretariat function for RDCs. The RDC from Gagauzia can benefit on further GIZ support only after establishing the composition and creating of the Council.

Furthermore, it is still necessary to reach an agreement between all involved partners on the support to be provided to DR Gagauzia in the development and promotion of project proposals emerging from the participatory process of regional sector planning and programming.

The RDAs are advised to proactively carry out discussions with the Beneficiaries on co-funding at the earliest possible time. This should also entail considerations of affordable long-term loans offered by IFIs. Beforehand the related project budget situation should be shared with the members of the respective RDC in order to be able to place early support budget applications at the NCCRD for using means of the NFRD.

At the same time communes are advised to establish at the earliest possible moment budget reserves of multi-annual nature in order to be prepared in a timely manner to contribute with agreed co-funding.

Another recommendation under consideration is to change the trainings formats and way of delivery, meaning a transition to distance/online trainings. In this case one module can become a series of webinars, however the entire approach must be changed allowing a good interaction of the trainer with the auditorium and objective testing of the participant's knowledge acquired. TUM and other training institutions will need much support and know-how in this respect and the project will seek how to provide this support.

In communities where the LCC is less involved in oversight activities, it is recommended for LPAs to carry out additional work for engagement of citizens, including social-vulnerable groups. GIZ will support these activities through local CSOs awarded with grants and capacitate LPAs to support and encourage citizens involvement.

Annexes:

[Annex 1: Current status of indicators \(01.07.2020\)](#)

[Annex 2: RDAs' procurement procedures](#)

[Annex 3: Local / national co-financing status](#)

Annex 1: Current status of indicators (01.07.2020)

| | Success indicator | Baseline value | Target value | Current value ¹² | Target value description | Comments on current value/status |
|------------------|---|----------------|--------------|-----------------------------|--|--|
| Outcome 1 | 75 % of the beneficiaries (partner local public authorities, represented by the local councils) and 75% of involved stakeholders (members of the Regional Development Councils and Regional Development Agencies) are satisfied with the processes of planning and implementation of the infrastructure investment measures in priority sectors of local public service provision (water supply and sanitation (WSS), solid waste management (SWM), energy efficiency of public buildings (EE), regional and local roads (RLR)) | 0 | 75% | | <i>of the representatives of 52 benefitting LPAs express a level of 4 or more on a six-level scale with 1 = strongly dissatisfied and 6 = very satisfied</i> | Indicator will be assessed in the last year of the project implementation. |
| | | 0 | 75% | | <i>of the representatives of 8 involved stakeholder institutions express a level of 4 or more on a six-level scale with 1 = strongly dissatisfied and 6 = very satisfied</i> | |
| Outcome 2 | Regional Development Councils (RDCs) confirmed, in coordination with relevant sector ministries, the implementation of 18 in a participatory and gender sensitive way established infrastructure investment measures, which are in line with the regional sector programmes as well as the regional development strategies. | 0 | 18 | | <i>infrastructure projects are confirmed by the RDCs to be ready for operation.</i> | Indicator is on track and partially achieved: - the technical design documentation for 18 infrastructure projects accepted by LPAs; - NCCRD confirmed a list of 1 st priority projects for implementation; - 3 RDAs gained new skills in preparation of tender documentation according to the GIZ Regulation adapted to EU PRAG; - evaluation of offers is currently ongoing. |
| Outcome 3 | The National Coordination Council for Regional Development (NCCRD) confirmed that financing of investment measures for improved service provision in the priority sectors, granted by national funds and the international donors, has increased by 465%. | 28,3 | 132,7 | 91,45 | <i>million EUR</i> | Indicator is on track and partially achieved: NCCRD approved the budget for 2020 in the amount of 200.5 million MDL for RD projects. To date 91.45 MEUR were mobilised, including 26.8 MEUR from national funds and 64.7 MEUR by international donors. |
| | | 100% | 465% | 322% | <i>% increase of baseline value</i> | |

¹² In case of empty cells, the indicator cannot be intermediately assessed, even though its activities are on track. Please see the comments column for current status.

| | Success indicator | Baseline value | Target value | Current value¹² | Target value description | Comments on current value/status |
|------------------|---|-----------------------|---------------------|-----------------------------------|--|---|
| Output A1 | 2 National Strategies for Regional Development (NSRD), which were elaborated in a participatory way (1 for the phase 2016-2020, 1 for the phase 2021-2025), are confirmed by the NCCRD. | 0 | 2 | 1 | <i>strategies</i> | Indicator on track: 1 strategy for phase 2016-2020 confirmed by NCCRD. |
| Output A2 | 3 (existing) legislative and normative documents regarding the regulation of regional development and involved institutions (e. g. the decrees on the National Fund for Regional Development, the Law on Regional Development, procedure manuals) were reviewed and if needed adjusted by the responsible state bodies regarding their accordance with the requirements of the EU AA. | 0 | 3 | | <i>reviewed and adjusted legislative and normative documents</i> | Indicator on track: - Draft Law on RD is developed; - Programme on urban development/centres for urban development is endorsed by NCCRD; - Initiation of the support in elaboration of the new National strategy for RD. |
| Output A3 | A results-based monitoring system for steering the RDSs is approved by national and regional development councils (NDC, RDC). | 0 | 1 | | <i>RBM system</i> | Indicator on track: - New Guideline on RBM for NSRD and RDS is approved by MARDE. MARDE and RDAs report bi-annually according to the revised RBM system; - RBM guidelines for RD projects is under development. |
| Output B1 | Regional sector commissions, consisting of representatives of various government levels, civil society and sector specialists, reported annually on the sector-specific implementation of RDSs in at least 2 sectors (WSS, SWM) to the respective responsible RDCs | 0 | 8 | 8 | <i>reports (1 report per sector per development region)</i> | Indicator achieved. Following requests from partners, the assistance was extended: - Project proposals on support for RDCs are developed; - Financing agreements with 4 RDAs for the support of corresponding RDCs are prepared for signing. |
| Output B2 | 3 project proposals exist for the newly established Gagauzia Development Region, based on the regional sector programmes (for WSS, EE and RLR) and corresponding project pipelines. | 0 | 3 | | <i>project proposals</i> | Indicator on track: 3 priority project proposals agreed upon by all involved parties. |
| Output B3 | Local Development Plans of 25 partner LPAs (I and II), elaborated in a participatory way, reflect the priorities of RDSs in at least 1 sector (WSS or EE). | 0 | 25 | 25 | <i>local development plans</i> | Indicator achieved. |

| | Success indicator | Baseline value | Target value | Current value¹² | Target value description | Comments on current value/status |
|------------------|--|-----------------------|---------------------|-----------------------------------|--|---|
| Output C1 | 18 public service projects in the field of water supply and sanitation and energy efficiency in public buildings are implemented in a transparent way by the RDAs North, Centre and South. | 0 | 18 | | <i>projects with an investment volume of approx. EUR 35 million are implemented</i> | Indicator on track: - Technical documentation prepared, approved and transferred to beneficiaries; - Tendering process organized based on EU PraG regulation is currently ongoing. |
| Output C2 | 7 pilot projects in the field of water supply and sanitation, energy efficiency in public buildings and solid waste management are fully implemented in a transparent way by the RDAs North, Centre and South by the year 2019. | 1 | 7 | 7 | <i>projects with an investment volume of EUR 13.4 million implemented</i> | Indicator achieved. |
| Output D1 | Both governmental and non-governmental organizations include 15 training modules into their programmes, in accordance with the requirements of the respective competent institution on the modernisation of local public services in priority areas. | 2 | 15 | 16 | <i>training modules implemented by the Academy of Public Administration and the Technical University</i> | Indicator achieved. Activities were extended due to requests from beneficiaries and the number of trainings was increased. - 16 training modules are implemented by APA and TUM; - 2 training modules are under development. |
| Output D2 | 80% of participants consider the offered training courses as useful for their work. | 0 | 80% | | <i>participants of 15 training modules.</i> | Indicator on track. - for 2018 and 2019 - 99% of 1227 participants (757+470) considered the trainings useful; - for 2020 the indicator will be assessed in December 2020. |
| Output D3 | 2 training institutions introduced a quality management system for the provision of the trainings. | 0 | 2 | 1 | <i>institutions</i> | Indicator on track. - 1 training institution (APA) introduced QMS. - For TUM the process is ongoing. |
| Output E1 | 5,000 citizens implement projects to improve local public services in the water supply, sanitation, solid waste management and energy efficiency sectors or activities to promote environment and climate protection. | 0 | 5000 | 1339 | <i>citizens</i> | Indicator on track: - Partner CSOs organized information sessions on opportunities for citizens involvement in local PSPs; - Local grants awarding is in progress ensuring larger citizens involvement. |
| Output E2 | 18 Local Citizens' Committees are established and monitor the procurement, construction and implementation of 18 infrastructure projects for improving local public services. | 0 | 18 | | <i>LCCs monitor the procurement, construction and implementation of 18 projects</i> | Indicator on track: - 18 LCCs established; - LCCs represented in RDA Procurement working groups and monitor the processes. |

Annex 2: RDAs' procurement procedures

Overview regarding the public procedures since March 2020. The number of valid offers will be established during the upcoming evaluation.

| EE measures | G230 subm / appr | Pre- notice publ. | PPWG approv | Contract notice publ. | Sub- missio n | Doc requests | Offers received / valid offers |
|---|------------------------|-------------------------|----------------|-----------------------------|---------------------|-----------------|--------------------------------------|
| 'I. Boghiu' Gymnasium, Flaminzeni, Singerei r. | 06.03 /18.03 | 24.02 | 20.03 | 30.03 | 15.05 | 22 (1 RO) | 1 + 1 offer delayed & rejected |
| 'D. Cantemir' Lyceum, Balti town | 06.03 /18.03 | 24.02 | 20.03 | 30.03 | 15.05 | 24 (1 RO) | 2 + 1 offer delayed & rejected |
| 'M. Eminescu' Lyceum, Ungheni town | 19.03 /20.03 | 24.02 | 26.03 | 30.03 | 15.05 | 16 | 8 (hereof 2 rejected*) |
| 'A. Mateevici' Lyceum, Soldanesti town | 25.03 /26.03 | 24.02 | 30.03 | 30.03 | 15.05 | 12 | 3 |
| 'Holercani' Lyceum, Holercani, Dubasari r. | 24.03 /26.03 | 24.02 | 30.03 | 30.03 | 15.05 | 14 | 6 |
| 'I. Vatamanu' Lyceum, Straseni town | 25.03 /26.03 | 24.02 | 30.03 | 30.03 | 15.05 | 16 | 4 |
| 'C. Spataru' Lyceum, Leova town | 23.03 /26.03 | 24.02 | 27.03 | 30.03 | 15.05 | 15 (1 IT) | 2 |
| 'M. Basarab' Lyceum, Basarabeasca town | 23.03 /26.03 | 24.02 | 27.03 | 30.03 | 15.05 | 11 | 0 |
| | | | | | | $\Sigma=130$ | $\Sigma=26$ |

*Rejected due to administrative non-compliance

| WSS measures | G230 subm / appr | Pre- notice publ. | PPWG approv | Contract notice publ. | Sub- missio n | Doc requests | Offers received / valid offers |
|--|------------------------|-------------------------|-----------------|-----------------------------|---------------------|----------------------|-----------------------------------|
| Edinet town, water supply | 17.03 /19.03 | 04.03 | 27.03 | 06.04 | 22.05 | 26 (2 AZ 2 RO) | 7 (hereof 1 RO, 1 AZ) |
| Falesti town, water supply | 17.03 /19.03 | 04.03 | 27.03 | 06.04 | 22.05 | 29 (2 AZ 2 RO) | 9 (hereof 1 RO) |
| Drochia town, water supply & purification | 17.03 /19.03 | 04.03 | 27.03 | 06.04 | 22.05 | 26 (2 AZ 1 RO) | 3 (hereof 1 AZ) |
| Ungheni town, water supply & sanitation | 27.03 /03.04 | 04.03 | 03.04 +06.04 | 06.04 | 22.05 | 35 | 7 (hereof 1 RO, 1 TR) |
| Calarasi town, water supply & sanitation | 02.04 /03.04 | 04.03 | 03.04 +06.04 | 06.04 | 22.05 | 34 | 3 |

| | | | | | | | |
|--|--------------|-------|----------|-------|-------|--------------------|--------------------|
| Leova town, sanitation | 16/03 /19.03 | 04.03 | 27-30.03 | 06.04 | 22.05 | 25 (1 AZ, 2 RO) | 3 (hereof 1 AZ) |
| Leova rayon cluster, 4 water supply measures | 16/03 /19.03 | 04.03 | 27-30.03 | 06.04 | 22.05 | 27 (1 AZ, 3 RO) | 4 (hereof 1 AZ) |
| | | | | | | $\Sigma=202$ | $\Sigma=36$ |

G230 = GIZ Construction Department, PPWG = Public Procurement Working Group,
AZ = Azerbaijan, IT = Italy, RO = Romania, TR = Turkey

Clarifications and site visits

During the clarification period the RDAs processed in cooperation with GIZ the clarification letters and organised the site visits presented in the tables below:

EE Sector

| Project | No. of clarification letters $\Sigma = 91$ | No. of companies submitting the clarification questions $\Sigma = 22$ | No. of companies present at site visit |
|-------------------|---|--|--|
| RDA North | | | |
| EE Balti | 26 | 11 | 4 |
| EE Flaminzeni | | | 3 |
| RDA Center | | | |
| EE Ungeni | 49 | 8 | 2 |
| EE Holercani | | | 1 |
| EE Soldanesti | | | 0 |
| EE Straseni | | | 0 |
| RDA South | | | |
| EE Basarabeasca | 16 | 3 | 0 |
| EE Leova | | | 1 |

WSS Sector

| Project | No. of clarification letters $\Sigma = 107$ | No. of companies submitting the clarification questions $\Sigma = 28$ | No. of companies present at site visit |
|-------------------|--|--|--|
| RDA North | | | |
| WS Drochia | 35 | 12 | 2 |
| WS Edinet | | | 1 |
| WS Falesti | | | 1 |
| RDA Center | | | |
| WSS Ungeni | 39 | 9 | 3 |
| WSS Calarasi | | | 0 |
| RDA South | | | |
| S Leova | 33 | 7 | 1 |
| WSS Leova | | | 1 |

RDA procurement procedures for technical supervision

| EE supervision services | PPWG approval | Contract notice publ. | Sub-mission | Docs requested | Offers received / valid offers |
|--|---------------|-----------------------|-------------|----------------|--------------------------------|
| 'I. Boghiu' Gymnasium, Flaminzeni, Singerei r. | 28.04 | 29.04 | 29.05 | 2 | 0 |
| 'D. Cantemir' Lyceum, Balti town | 28.04 | 29.04 | 29.05 | 2 | 0 |
| 'M. Eminescu' Lyceum, Ungheni town | 07.05 | 08.05 | 08.06 | 2 | 1 |
| 'A. Mateevici' Lyceum, Soldanesti town | 07.05 | 08.05 | 08.06 | 1 | 0 |
| 'Holercani' Lyceum, Holercani, Dubasari r. | 07.50 | 08.05 | 08.06 | 1 | 1 |
| 'I. Vatamanu' Lyceum, Straseni town | 07.05 | 08.05 | 08.06 | 1 | 0 |
| 'C. Spataru' Lyceum, Leova town | 21.04 | 22.04 | 22.05 | 2 | 1 |
| 'M. Basarab' Lyceum, Basarabeasca town | 21.04 | 22.04 | 22.05 | 2 | 0 |

| WSS supervision services | PPWG approval | Contract notice publ. | Sub-mission | Docs requested | Offers received / valid offers |
|--|---------------|-----------------------|-------------|----------------|--------------------------------|
| Edinet town, water supply | 28.04 | 29.04 | 29.05 | 3 | 1 |
| Falesti town, water supply | 28.04 | 29.04 | 29.05 | 6 | 0 |
| Drochia town, water supply & purification | 28.04 | 29.04 | 29.05 | 7 | 1 |
| Ungheni town, water supply & sanitation | 08.05 | 09.05 | 09.06 | 1 | 1 |
| Calarasi town, water supply & sanitation | 08.05 | 09.05 | 09.06 | 2 | 0 |
| Leova town, sanitation | 21.04 | 22.04 | 22.05 | 4 | 2 |
| Leova rayon cluster, 4 water supply measures | 21.04 | 22.04 | 22.05 | 4 | 2 |

The evaluation of supervision offers is proposed to start from 1 June at the RDAs.

Re-tendering¹³ is required for supervision services of the following projects:

EE project supervision services

- 'I. Boghiu' Gymnasium, Flaminzeni, Singerei r.
- 'D. Cantemir' Lyceum, Balti town
- 'A. Mateevici' Lyceum, Soldanesti town
- 'I. Vatamanu' Lyceum, Straseni town
- 'M. Basarab' Lyceum, Basarabeasca town

WSS project supervision services

- Falesti town, water supply
- Calarasi town, water supply & sanitation

RDAs will be requested to re-publish for tendering with 15 days publication period. Before, the criteria especially for the EE supervision services will be reviewed.

¹³ Under the condition that the ongoing evaluations do not lead to further re-tendering needs.

Annex 3: Local / national co-financing status

The **Construction Project Implementation Budget** of the EU supported portfolio is composed of the total infrastructure project cost and the RDA's operational cost emerging from their implementation services. This position was not taken into consideration in earlier presentations, but the amount matters as we are operating evidently still beyond the possibilities of the offered EU support and current local co-funding commitments.

This means also that we are going into major construction works with no contingencies and with a considerable financial gap. Current agreements foresee that the beneficiaries are to cover any cost overshooting the available EU funding and we express herewith our concern.

Efforts by all sides to seek and secure additional funding are to be continued. This message is foremost to be passed by the RDAs to the beneficiaries and to be discussed in the frame of the Regional Development Councils and bilaterally between the Beneficiaries and the RDAs.

Whereas the calculated individual project cost will remain until the respective undisputed offers show the prices, the situation with the local commitments evolved in many cases positively. Below tables display the current situation.

In the EE / school sector the situation remained unchanged as here the calculated cost remained within earlier estimations and the agreed local contributions cover aspects deemed as not eligible under the EU budget as e.g. kitchen equipment, canteen refurbishment, furniture or extensive landscaping and such. Respective agreements are in place.

In the WSS sector local contributions were partly increased considerably by some Beneficiaries and the percentage shows the largely overwhelming local ownership by providing considerable local co-funding.

Current overall confirmed local contributions amount to 3,502,000 EUR which is about 9,7 % of the total construction cost of the projects.

- Local contribution to WSS projects is 3,029,000 EUR (13.1 % of their construction cost)
- Local contribution to EE projects is 473,000 EUR (3.4 % of their construction cost)

As it is displayed in the detailed overview per project below, some discussions appear still recommendable under the guidance of the RDAs, at least for the following projects as their contributions are considerably low. In these cases, we recommend to sincerely reinvestigate the availability of increased local co-funding as the overall project cost exceed earlier estimations by far and consume disproportionately more EU funds, thus contributing considerably to a disbalance. This applies foremost to:

- Drochia (~4.5 MEUR cost / 0.31 MEUR current co-funding commitment),
- Leova town (~2.42 MEUR cost / 0.16 MEUR current co-funding commitment),
- Ungheni town (~3.7 MEUR cost / 0.36 MEUR current co-funding commitment), and to
- Leova rayon cluster, 4 water supply measures (~4,7 MEUR cost / 0.53 MEUR local commitment).

| Overall Budget situation | | EUR ¹⁴ |
|--|------------|-------------------|
| RDAs' operation costs incl. visibility, procurement of goods and personal | | 541,000 |
| Total cost for construction works, supervision, author rights | | 35,883,000 |
| Total implementation cost | | 36,424,000 |
| Total Beneficiaries' contribution ¹⁵ | | 3,502,000 |
| Available EU budget | 32,426,000 | 32,586,000 |
| + intended EU budget amendment by GIZ ¹⁶ | + 160,000 | |
| Financing gap | | 336,000 |

¹⁴ All amounts in rounded figures

¹⁵ As of 24.06.2020

¹⁶ This amount emerges from a foreseen reshuffling of the EU-budget granted to GIZ towards the benefit of the Financing Agreements with the RDAs (pending matter of approval by the EU).

Local co-financing status

It is acknowledged that the provision of local co-funding in the required amount constitutes a challenge for the communes. Considering however the overall situation, this contribution is indispensable to cover the gap and create reserves for unforeseen or additional works which cannot be excluded to appear in the course of implementation of the agreed projects. There are also options to consider like low-cost long-term loans and the possibilities of respective budget planning for 2021.

Overview EE projects

| 8 school EE rehabilitation projects | LPA contribution EUR 473,000 | % of total cost ~3.4 % | Status of LPA contribution | Total Cost EUR 12,699,000 |
|--|---------------------------------|---------------------------|--|---------------------------------|
| 'Iurie Boghiu' Gymnasium, Flaminzeni, Singerei r. | 11,000 | 1,1 | Confirmed | 1,000,000 |
| 'Dimitrie Cantemir' Lyceum, Balti town | 7,000 | 0,7 | Confirmed | 973,000 |
| 'Mihai Eminescu' Lyceum, Ungheni town | 63,000 | 2,4 | Confirmed | 2,635,000 |
| 'Alexei Mateevici' Lyceum, Soldanesti town | 67,000 | 3,5 | Confirmed, 30 % transferred to RDA | 1,931,000 |
| 'Holercani' Lyceum, Holercani village, Dubasari r. | 30,000 | 2,8 | Confirmed 29,7 % transferred to RDA | 1,061,000 |
| 'Ion Vatamanu' Lyceum, Straseni town | 102,000 | 7,5 | Confirmed, 25 % transferred to RDA | 1,356,000 |
| 'Constantin Spataru' Lyceum, Leova town | 155,000 | 5,5 | Confirmed, 10 % transferred to RDA | 2,794,000 |
| 'Matei Basarab' Lyceum, Basarabeasca town | 38,000 | 4 | Confirmed | 949,000 |

Overview WSS projects

| 10 WSS projects | LPA contribution EUR 3,029,000 | % of total cost ~13.1% | Status of LPA contribution | Total Cost EUR 23,184,000 |
|--|--------------------------------------|---------------------------|---|---------------------------------|
| Edinet town, water supply | 885,000 | 22,5 | Confirmed | 3,935,000 |
| Falesti town, water supply | 428,000 | 21,4 | Commitment only partially reconfirmed. Still under discussion | 2,000,000 |
| Drochia town, water supply & purification | 311,000 | 7 | Confirmed, 27.6 % transferred to RDA. LPA aims at increase – decision pending | 4,457,000 |
| Ungheni town, water supply & sanitation | 363,000 | 9,9 | Confirmed | 3,655,000 |
| Calarasi town, water supply & sanitation | 353,000 | 17,5 | Confirmed, 10 % transferred to RDA | 2,016,000 |
| Leova town, sanitation | 157,000 | 6,5 | Confirmed | 2,418,000 |
| Leova rayon cluster, 4 water supply measures | 532,000 | 11,3 | Confirmed | 4,703,000 |